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Brazil

Grain and Feed

Update for February Lockup

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Report Highlights:

Post lowered the 2001/02 corn production forecast 2 million tons to 36.5 million tons due to the drought in southern Brazil. The corn import forecast for 2001/02 was raised to 1.5 million tons, while consumption was lowered to 36.4 million tons as higher corn prices and lower production are likely to constrain consumption. The Mercosul's Common External Tariff (CXT) was lowered 1 percent in January 2002 for corn, wheat, and rice.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Brasilia [BR1], BR

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Executive Summary

Post lowered the corn production forecast for 2001/02 2 million tons to 36.5 million tons, largely due to the drought in southern Brazil. The corn export forecast for 2001/02 remains unchanged as most of the new crop sales were committed last year. The corn import forecast, however, was raised to 1.5 million tons as Brazil will be forced to increase imports in order to meet domestic consumption needs. Post lowered the 2001/02 corn consumption forecast 1.5 percent to 36.4 million tons as lower production and higher corn prices are likely to constrain growth in consumption. Ending stocks for 2001/02 were lowered to 500,000 tons due to the drop in production.

The MERCOSUL's Common External Tariff (CXT) was lowered 1 percent in January 2002 for corn, wheat, rice and sorghum. The new CXT for wheat is 11.5 percent, while corn and sorghum face a 9.5 percent tariff. The tariffs on non-MERCOSUL rice are 11.5 percent for HS1006.10 (excluding for seed), 11.5 percent for HS1006.20, 13.5 percent for HS1006.30.11 and HS1006.30.21, and 11.5 percent for HS1006.30.19 and HS1006.30.29, and 11.5 percent for HS1006.40.

Wheat

There are no changes in the wheat PS&D.

Argentina resumed its wheat exports to Brazil following a 31 day stoppage in shipments. Exports were suspended due to the currency devaluation and economic uncertainty. During the stoppage, Brazilian millers requested the temporary removal of the Mercosul common export tariff (CXT) in order to facilitate imports from non-Mercosul nations. However, the CXT was not lifted and sales resumed before causing serious difficulties in the Brazilian market.

The MERCOSUL's Common External Tariff (CXT) for wheat was lowered 1 percent in January 2002 to 11.5 percent.

Wheat PS&D

PSD Table						
Country	Brazil					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Harvested	1252	1252	1468	1468	1587	1587
Beginning Stocks	775	846	1250	932	610	90
Production	2403	2403	1660	1658	3000	2950
TOTAL Mkt. Yr. Imports	7555	7733	7200	7700	6500	7200
Jul-Jun Imports	7196	7227	7300	7700	6500	7200
Jul-Jun Import U.S.	79	150	53	100	0	200
TOTAL SUPPLY	10733	10982	10110	10290	10110	10240
TOTAL Mkt. Yr. Exports	4	0	0	0	0	0
Jul-Jun Exports	4	0	0	0	0	0
Feed Dom. Consumption	200	200	200	500	200	200
TOTAL Dom. Consumption	9479	10050	9500	10200	9500	10100
Ending Stocks	1250	932	610	90	610	140
TOTAL DISTRIBUTION	10733	10982	10110	10290	10110	10240

Corn

Post lowered the corn production forecast for 2001/02 2 million tons to 36.5 million tons due to adverse weather. The majority of the losses are being registered in the southernmost states of Rio Grande do Sul and Santa Catarina where drought has destroyed 20 to 30 percent of the summer corn crop. Although rains have resumed within the past week, much of the losses are unrecoverable as the corn had already tassled. Much of the region suffered a month without rain, while some counties recorded no rainfall for nearly 60 days. Parana, the nation's leading corn producing state, was largely unaffected, with only a few counties reporting damage.

While the south suffered from a drought, the center-west has been experiencing heavy rainfall, with a 31 percent increase in rain this December and January compared to last year. While the effect on the corn crop has been limited, continued heavy rains are forecast through March, which may affect production and quality. The expected losses in production are boosting domestic corn prices and complicating efforts to further increase pork and poultry exports. The corn export forecast for 2001/02 remains unchanged as most of the new crop sales were committed last year. The corn import forecast, however, was raised to 1.5 million tons as Brazil will be forced to increase imports in order to meet domestic consumption needs.

Concerned with the drop in corn production, the Minister of Agriculture announced measures to encourage and increase the corn winter crop, or "safrinha." He requested R\$50 million (roughly US\$21 million) in credit to be offered by the Bank of Brazil in order to facilitate producer access and purchase of inputs for the winter crop production.

Post lowered the 2001/02 corn consumption forecast 1.5 percent to 36.4 million tons as lower production and higher corn prices are likely to constrain growth in consumption. Ending stocks for 2001/02 were lowered to 500,000 tons due to the drop in production.

The MERCOSUL's Common External Tariff (CXT) for corn was lowered 1 percent in January 2002 to 9.5 percent.

Corn PS&D

PSD Table						
Country	Brazil					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		04/2000		04/2001		04/2002
Area Harvested	12578	12758	13144	13144	12800	12468
Beginning Stocks	1000	1879	600	810	2386	910
Production	31641	31641	41536	41536	36000	36500
TOTAL Mkt. Yr. Imports	1500	1770	300	600	500	1500
Oct-Sep Imports	1789	1700	650	600	500	1500
Oct-Sep Import U.S.	43	79	20	50	0	50
TOTAL SUPPLY	34141	35290	42436	42946	38886	38910
TOTAL Mkt. Yr. Exports	497	0	6000	5800	2500	2000
Oct-Sep Exports	50	0	3744	4000	5300	3800
Feed Dom. Consumption	27853	29300	30050	32000	31000	33000
TOTAL Dom. Consumption	33044	34480	34050	36236	35000	36410
Ending Stocks	600	810	2386	910	1386	500
TOTAL DISTRIBUTION	34141	35290	42436	42946	38886	38910

Rice

There are no changes in the rice PS&D.

The MERCOSUL's Common External Tariffs (CXT) for rice were lowered 1 percent in January 2002. The new rice CXTs are 11.5 percent for HS1006.10 (excluding for seed), 11.5 percent for HS1006.20, 13.5 percent for HS1006.30.11 and HS1006.30.21, and 11.5 percent for HS1006.30.19 and HS1006.30.29, and 11.5 percent for HS1006.40.

Rice PS&D

PSD Table						
Country	Brazil					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		04/2000		04/2001		04/2002
Area Harvested	3678	3678	3250	3250	3370	3370
Beginning Stocks	1157	1285	1513	1641	1045	1079
Milled Production	7768	7768	7062	7062	7480	7480
Rough Production	11424	11424	10385	10385	11000	11000
MILLING RATE (.9999)	6800	6800	6800	6800	6800	6800
TOTAL Imports	602	602	490	490	525	500
Jan-Dec Imports	700	700	500	500	500	500
Jan-Dec Import U.S.	2	2	0	2	0	0
TOTAL SUPPLY	9527	9655	9065	9193	9050	9059
TOTAL Exports	58	58	25	156	25	100
Jan-Dec Exports	50	50	25	150	25	100
TOTAL Dom. Consumption	7956	7956	7995	7958	7958	7960
Ending Stocks	1513	1641	1045	1079	1067	999
TOTAL DISTRIBUTION	9527	9655	9065	9193	9050	9059